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Online: Ticket Scalpers Find a Home on the Web

By Bruce Orwall, Wall Street Journal. (Eastern edition). New York, N.Y.: Feb 4, 1999. pg. B.1

Abstract (Summary)

Everyone from ticket brokers to the average fan is using the Web to find the highest bidder for coveted seats. Online auction sites like eBay and Yahoo! are filled with chances to bid up prices for 'N Sync concerts, Broadway's "The Blue Room" starring Nicole Kidman and even a Yankees- Mets baseball series that is months away.

Perhaps the most brazen move online came last week from an unexpected source: Advantix Inc., a fledgling Newport Beach, Calif., company that has sought to challenge industry leader Ticketmaster, a unit of USA Networks Inc. In a little-noticed deal, Advantix agreed to acquire a small Internet company called Tickets.com, which, among other things, is in the business of reselling already purchased tickets at above face-value prices.

Tickets.com says its main business is operating a Web site that catalogs the dates, times and locations of everything from big rock shows to museum events. It's also an official online ticket seller for places like the San Diego Zoo, and, under the planned deal with Advantix, will become the Internet sales site for concert and sports venues using the Advantix ticketing system.

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Full Text (1280 words)

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The Internet is fast becoming a ticket scalper's dream.

Everyone from ticket brokers to the average fan is using the Web to find the highest bidder for coveted seats. Online auction sites like eBay and Yahoo! are filled with chances to bid up prices for 'N Sync concerts, Broadway's "The Blue Room" starring Nicole Kidman and even a Yankees- Mets baseball series that is months away.

Many fan sites for rock bands host "ticket trading" areas that are prowled by scalpers. And season-ticket holders for pro sports teams are using the Web to unload tickets for games they can't attend-at a premium, they hope.

Perhaps the most brazen move online came last week from an unexpected source: Advantix Inc., a fledgling Newport Beach, Calif., company that has sought to challenge industry leader Ticketmaster, a unit of USA Networks Inc. In a little-noticed deal, Advantix agreed to acquire a small Internet company called Tickets.com, which, among other things, is in the business of

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reselling already purchased tickets at above face-value prices.

The link between Advantix and [eTickets.com](#) has caused a stir in the live entertainment business. [eTicketmaster](#), in particular, argues that the deal amounts to an unholy alliance between an official ticket source and what scalpers euphemistically refer to as the "aftermarket."

The planned deal, along with other moves by online ticket sellers, shows how the Internet is yet again reordering commerce, flattening out markets and making old rules hard to enforce.

Advantix runs a computerized ticketing system, which it licenses to arenas and concert halls. It also owns the Bay Area Seating Service ticketing system that serves northern California.

[eTickets.com](#) says its main business is operating a Web site that catalogs the dates, times and locations of everything from big rock shows to museum events. It's also an official online ticket seller for places like the San Diego Zoo, and, under the planned deal with Advantix, will become the Internet sales site for concert and sports venues using the Advantix ticketing system.

[eTickets.com](#) also functions as a reseller through its own online auctions and a toll-free phone line that gives buyers access to tickets from what it calls its "qualified retail broker network." Last week, the [eTickets.com](#) auctions featured Super Bowl seats at more than \$1,500 each; \$80 "Lion King" Broadway tickets for \$110 apiece; and various Rolling Stones shows priced above the already high face value.

This reseller role is what's sparking controversy. "When you're a computerized ticketing company, and you're the original seller of tickets, there has always been a very strong wall between that and the resellers of tickets," says former [eTicketmaster](#) President Fredric D. Rosen. Arenas, theaters and other facilities "did not want to be anywhere near the scalping side of the business."

Jack Zimmer, executive director of the International Association of Assembly Managers, a trade group for venue operators, agrees, saying, "I'm thinking that [arena managers] would be a little bit upset with that." Dana Warg, executive director of the Target Center arena in Minneapolis, says, "There's no way that I'd sign up with a [ticketing] company that had the advantage of reselling my tickets."

Advantix President and Chief Executive W. Thomas Gimple and his [eTickets.com](#) counterpart, James A. Caccavo, say they will study whether it is possible to remain in the resale market, but they say they don't want to jeopardize Advantix's contracts to sell tickets for its venues.

Meanwhile, Advantix and [eTickets.com](#) have other unusual plans. They want to devise a system for conducting "official" Internet auctions in which some top seats to shows would be held back from public sale, then sold to the highest bidder by the venue itself. Mr. Gimple says concert promoters and arena operators are tired of "seeing a lot of their tickets bought and sold at a higher price."

Allowing the public to set a price for some seats via an official auction, he says, would knock the wind out of scalpers. Mr. Gimple says the system could also operate similar to an airline yield-management system, allowing consumers to buy last-minute tickets at a discount, if that's what the market dictates.

But Mr. Zimmer of the venue operators association says Advantix's notion of acting in both the primary market and aftermarket is "dangerous territory" for venues, which don't want to give their regular customers the idea that they are driving prices up.

④ Ticketmaster officials say their company sometimes has been approached by sports franchises looking for a way to resell unused season tickets, and it has also explored whether it could run an online "flea market" for fans, for example, to swap seats for a Tuesday Elton John show for the Wednesday show. But the discussions always run aground on a key problem: auctions and re-sales compete with the ticketing company's core responsibility to continue moving unsold seats.

An online aftermarket raises other issues, too. Scalping is illegal in many cities and states. But legal ticket brokers in some areas have long attempted to circumvent local laws by simply operating toll-free phone sales from a jurisdiction that doesn't ban the practice. That practice has now proliferated with resellers operating on the Internet.

Consumer-protection specialists say that people looking to buy resale tickets online shouldn't be certain it's a legal transaction. The New York state attorney general's office, for example, has prosecuted some cases involving tickets purchased over phone lines in violation of New York law, and is evaluating how to deal with the issue on the Internet.

Shirley Sarna, who heads the consumer-fraud unit of the office, also cautions that people who purchase from Internet scalpers need to be especially wary that they aren't getting counterfeit tickets.

Nonetheless, the Web is emerging as a new force. Richard Perry, a 24-year-old computer programmer in Tampa, Fla., last week sold \$300 Super Bowl tickets for \$1,700 each after soliciting bids on eBay and ④ Yahoo. The auctions generated as many as 15 e-mails a day from people wanting tickets, he says.

Some legal ticket brokers, such as VIP Tour Co., Woodstock, Ill., are also selling inventory on the auction sites. VIP owner Mike Domek says the auction format has produced modest results so far, and adds: "It's a lot of tedious work to put in an ad for each set of tickets."

Yet the auctions are helping him find buyers, and not just for hot sellers like Rolling Stones tickets, which, for a seat in the first 10 rows, bids start at \$700 each. He is also using auctions to try and unload slow sellers. For an upcoming National Association for Stock Car Auto Racing event, for example, he held auctions in which he opened bidding at \$1 a ticket. In the end, he says he unloaded a number of tickets which might otherwise have gone unsold for \$20 or \$30 each.

Mr. Domek also has bigger plans. Last year, he bought rights to the Internet domain name "TicketsNow.com," and is currently upgrading the site. When finished, he says, TicketsNow.com will be a place where consumers will be able to see precisely what seats he and other brokers have, and what they are charging for them. (Mr. Domek would collect a fee from other brokers for featuring their listings.) The sale could then be completed over the Internet, much as ④ Ticketmaster now sells tickets on the Web.

Not every ticket broker is rushing to embrace the Web. Fred Ross, owner of Front Row Center in West Los Angeles, Calif., says he has a Web site, but he is content for now for it merely to serve as a generic advertisement. Says Mr. Ross: "There's a lot of fraud on the Internet right now."

Credit: Staff Reporter of The Wall Street Journal

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